

Message Text

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ORIGIN EB-11

INFO OCT-01 NEA-10 IO-14 ISO-00 AGR-20 CIAE-00 COME-00

INR-10 LAB-06 NSAE-00 RSC-01 SPC-03 STR-08 TRSE-00

CIEP-02 OMB-01 INRE-00 /087 R

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COMMERCE - SBODNER

NEA/INS - DBORN

CIEP - AJURICH

DESIRED DISTRIBUTION

COMMERCE, NEA/INS, CIEP, EB/ORF/ICD

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FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI IMMEDIATE

INFO USMISSION GENEVA PRIORITY

C O N F I D E N T I A L STATE 215612

11652, GDS

TAGS: ETRD, IN, SZ

SUBJECT: TEXTILE NEGOTIATIONS

REF: NEW DELHI 10128, NEW DELHI 12058

FOR AMBASSADOR FROM JURICH

1. WHEN I TALKED WITH BAGCHI IN TOKYO LAST MONTH, I INDICATED I THOUGHT WE WOULD BE IN A POSITION BY THIS TIME TO PROPOSE A MUTUALLY SATISFACTORY FINAL OFFER, BASED ON OUR MEMO OF UNDERSTANDING. THIS MESSAGE, THEN CONSTITUTES OUR FINAL OFFER WHICH YOU ARE REQUESTED TO CONVEY TO BAGCHI ASAP.

2. USING THE MEMO OF UNDERSTANDING AS REFERENCE,

(A) THE AGGREGATE LIMIT FOR THE YEAR BEGINNING
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OCTOBER 1, 1973 SHALL BE INCREASED TO 152.0

MILLION SYE.

(B) THE GROUP LIMIT FOR GROUP I FOR THE SAME AGREEMENT YEAR SHALL BE 119 MILLION SYE. GROUP II, THE ONLY OTHER GROUP, SHALL BE INCREASED TO 33.00

MSYE. CATEGORY LEVELS WILL BE DISTRIBUTED WITHIN EACH GROUP FOLLOWING THE PATTERN ESTABLISHED IN THE CURRENT AGREEMENT:

GROUP I CATEGORIES 9/10, 40,044,000; 18/19, 8,425,000; 22, 19,111,000; 26 (DUCK ONLY), 10,258,000; 26 (OTHER THAN DUCK), 39,758,000. GROUP II, CATEGORIES 28/29, 7,564,000; 31, 7,828,000, OF WHICH NOT MORE THAN 3,914,000 CAN BE IN TERRY TOWELS; 34/35, 8,478,000.

3. PROVISION OF PARA B OF THE MEMO OF UNDERSTANDING WILL APPLY TO THE 1973-1974 AGREEMENT YEAR. ALL OTHER TERMS OF THE MEMO REMAIN AS AGREED UPON THIS PAST SUMMER.

4. THE NET EFFECT OF THESE INCREASES WILL GIVE GOI VIRTUALLY ALL THE GROUP II SYE IT SOUGHT. THUS, FOR THE AGREEMENT YEAR BEGINNING OCTOBER 1, 1973, THE GOI COULD SHIP 167.0 MILLION SYE. AS FOLLOWS: 119 MSYE GROUP I. 33.0 MSYE GROUP II, 15 MSYE IN CATEGORIES 9/10, 18/19, 22 AND 26 NOT COUNTING HANDLOOM PRODUCTS WHICH WOULD BE EXEMPTED FROM THE BILATERAL AND WHICH WILL TOTAL BETWEEN TWELVE AND TWENTY MSYE. IN THE AGREEMENT YEAR BEGINNING OCTOBER 1, 1974, THE GOI WOULD HAVE POTENTIAL OF 174.6 MSYE AS FOLLOWS: 124.95 MSYE GROUP I, 34.65 MSYE GROUP II, ANOTHER 15 MSYE ONE SHOT IN CATEGORIES 9/10, 18/19, 22, AND 26, AGAIN NOT COUNTING HANDLOOM PRODUCTS. THUS, WE HAVE COME VERY CLOSE TO WHAT THE GOI

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SOUGHT (PARA 3 AND 4 NEW DELHI 10128) AND SHOULD, WE HOPE, MEET GOI OBJECTIVES.

5. ASSUMING BAGCHI CAN AGREE TO THIS OFFER, I AM PREPARED MEET WITH HIM NEXT WEEK IN GENEVA TO CLOSE DEAL. I REALIZE THIS IS SHORT NOTICE, AND IF NECESSARY, A LATER MEETING CAN BE ARRANGED IN GENEVA. I AM SURE BAGCHI APPRECIATES THAT THE EARLIEST CONVENIENT DATE WOULD SERVE

BOTH OUR INTERESTS. PLEASE ADVISE.

6. RE STATE 212096, GOI SHOULD BE ADVISED THAT ADDITIONAL
5 PERCENT EX QUOTA APPLIED TO CURRENT AGGREGATE LIMIT FOR
AGREEMENT YEAR BEGINNING OCTOBER 1, 1973 (I.E., 5 PERCENT
OF 127.34 MSYE). FYI. WE CANNOT APPLY 5 PERCENT EX
QUOTA TO THE PROPOSED NEW AGGREGATE PARA (2) (A) ABOVE
BECAUSE OF THE EQUITY PROBLEMS IT WOULD PRESENT USG.
END FYI. KISSINGER

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